



## Brand Managers' High-wire Act: Going Global and Staying Local

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For marketers, the Internet changes everything -- and nothing at all. For example, it enables companies to instantly reach consumers in different countries and economically tailor messages to them based on demographics, buying habits and other information. Yet it doesn't free these companies from the constant challenge of building distinct, durable brands.

As participants on a panel titled, "The Challenge of Going Global and Staying Local," noted during the 2007 Wharton Marketing Conference, a brand like Coke or Budweiser can be the greatest asset that a company has, but the brand can quickly lose its power if it comes to signify something different in every market.



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To balance these sorts of challenges, marketers at Johnson & Johnson start out by trying to identify the "heart and soul of every one of our brands," said Lynda Wallace, vice president for global topical healthcare and a panel participant. "We then have to express that in words, images and music.... We allow a fair amount of executional flexibility there because consumer preferences and habits differ, market to market."

In allowing that flexibility, Johnson & Johnson's marketers consider how the current positioning of a product in a particular market might shape the company's future offerings. "There's a risk that, if you position a product too differently in different markets, your logical follow-on products" will have to be different as well, which can raise costs and create operational problems, she said.

One thing Johnson & Johnson won't do is sacrifice premium pricing for its well-known brands, Wallace added. The company believes its Band-Aid adhesive bandages beat competitors' products, and a premium price is a way to signal that. But even on this dimension of its marketing tactics, the company allows improvisation as it expands around the world and pushes deeper into less-developed countries. "We are willing to accept lower margins in a developing market," she notes, "or we will deliver a smaller quantity of the product to make it more affordable."

For example, Johnson & Johnson, based in New Brunswick, N.J., might sell a four-pack of Band-Aids instead of the larger box that's available in the developed world. Or it might sell a sample-sized bottle of baby shampoo instead of a full-sized one.

### 'You Are What You Drink'

Diageo, the British beer-and-spirits maker, also hews to premium pricing wherever it does business, even when entering a new market, said Rob Warren, senior vice president for global tequila. "We wouldn't lower our price to get more volume. You wouldn't take Johnnie Walker Black and charge less for it." Johnnie Walker is Diageo's well-known scotch. The company also makes Smirnoff vodka, Captain Morgan rum, Tanqueray gin and Guinness stout, among other beverages.

Instead of cutting prices, Diageo does its homework before entering a market, identifying consumers

who will pay for its well-known products. "A lot of times, you are what you drink," Warren pointed out. "People will pay more for better things, and they will pay more for image." As a result, alcoholic beverage makers tend to market their drinks as either sophisticated, as Diageo does with Tanqueray, or cool, as it does with Captain Morgan in its recent "Got a Little Captain in You?" ad campaign. "In alcoholic beverages, we can't sell functional benefits," Warren added. "We all want to project symbols."

In the United States, brewers even try to associate their beer with patriotism -- an effort that recently led to a dispute between Anheuser-Busch and SABMiller. Anheuser-Busch, based in St. Louis, has long marketed Budweiser as the "King of Beers" and began poking fun at Miller as "the Queen of Carbs." Miller, according to newspaper reports, answered with a jibe of its own, saying it wanted to be the "President of Beers," not the king, adding, "This is America! We don't kowtow to a bunch of tiara-wearing crumpet eaters." Anheuser-Busch shot back by calling Miller "South African-owned" because SABMiller, which is actually based in London, was formed by the merger of U.S.-based Miller Brewing and South African Breweries. The two companies ended up in court over their competing claims, with SABMiller suing for an injunction to block the "queen of carbs" ads. Miller later dropped its suit.

The brewers' brouhaha points to another challenge for marketers -- how best to enter a new market. A popular option is buying an established local firm, as South African Breweries did with Miller. That offers a host of operational benefits -- knowledgeable employees, immediate scale in distribution and, of course, a locally popular brand. But it can be a Faustian bargain. "You have to ask yourself whether the local brand overwhelms what you want to do as a global company," said Diageo's Warren. "Local brands are a great way to gain experience in a market. But if you stay as a locally branded business, then they may not do what you need."

J&J's Wallace agreed, pointing out that buying a local brand can delay the introduction of the parent company's brands and lead to duplication and higher costs. "It's hard to take the hit to make the conversion [from local to international branding], but it's also hard to support a lot of different brands," she said. "It takes longer to get into a market with your global brand than by buying a local one, but in the end, you will establish your global brand faster."

In Australia, for example, the Burger King fast-food chain operates as Hungry Jack's because an Australian franchisee established the business there under that name. Interestingly, Burger King operated in the country for years using both names. In 2003, it chose to rebrand all of its outlets as Hungry Jack's.

Names are not the only means for signaling a product's provenance as its owner expands around the world. Colgate-Palmolive, for example, labels its Colgate toothpaste differently around the world, said Sylvia Lin, associate director of global oral care long-term innovation. "Sometimes, you will see the word 'Colgate' in English, even in non-English-speaking countries, and sometimes in the local language. But we have a great big red box for our toothpaste in every single country." Consumers, she noted, notice colors and shapes before words and numbers. "The big red box may be more important than the actual words."

To complement its toothpaste, New York-based Colgate also sells toothbrushes. As it's trying to increase brush sales in China, it has chosen an unusual tactic -- competing with itself -- that underscores a marketer's challenge when thinking globally but acting locally. "We have the largest toothbrush plant in the world in China," Lin said. "We make Colgate-branded toothbrushes there and sell them for a premium price. But in the same plant, we have another production line that copies those toothbrushes and sells them at a discount [under a different name]. It sounds crazy, but the market in China is such that somebody will copy you anyway. So we made the decision, 'Why don't we do it ourselves?' Most people don't realize that we own both brands."

Local adaptations can take all sorts of different forms, said Susan Piotroski, a partner with Accenture, the information-technology consultancy. They arise in the ways in which firms tailor their offerings and the forms of media through which they try to reach consumers. "In some parts of the world, quality matters more than trendiness," she noted. "In other places, it's the opposite. In China, the styling of wireless handsets is extremely important to people. So Motorola and Samsung will move some of their jazziest handsets there."

As for reaching consumers, different cultures and even groups within cultures respond differently to advertising and marketing campaigns. "Direct marketing is big in North America, but doesn't work in China," Piotroski said. "Yet there are a lot of cool electronic billboards in Shanghai and Beijing, and you don't see that a lot in the U.S., outside of Times Square."

Direct marketing -- that is, the use of letters, phone calls and emails to bypass the media -- depends upon reliable postal systems and widespread use of phones and computers, and not all countries have those. At the same time, many U.S. communities have laws limiting the use of billboards.

Cultural differences can matter just as much as technological and legal ones as companies promote their brands internationally, noted Francesca Stobbe, a manager with Disney's consumer products division. And while Stobbe said her company won't compromise its core brand, it does try to tweak its toys and other products based on its knowledge of cultural differences. "In the U.S., 80% of moms know the gender of their babies before they're born, and Disney adapts accordingly," she said. "But that's not the case for all countries. Elsewhere, you have to be more gender neutral."

### **Blogging on Motherhood**

The Internet, of course, offers a wealth of ways for tailoring messages, if not products. The impact of new media on marketing was the topic of another conference panel which posed the question: "Ready to Sweep Out Traditional Media?" According to panel participant Elizabeth Poon, regional brand development manager for Netherlands-based Unilever, which owns Dove cosmetics, "People want to interact with your brand." She said that Unilever uses the Internet to encourage this kind of two-way communication. "For our Dove Cream Oils campaign, we let consumers create ads and enter them in a contest. Then we broadcast the winner. We also have a blog on motherhood. In the evenings, after the kids have gone to bed, women like to surf the web and engage in communities. So we invited moms to blog their funniest mom moments."

Erin Matts, group director of digital strategy for OMD, a marketing consultancy, agreed that the Internet has created a wellspring of new opportunities for marketers. But she cautioned that it's still in its infancy as a marketing tool. It produces a gush of measures like click-through rates and unique visitors, but so far, all of those measures haven't yielded much meaning.

People talk about how the Internet creates engagement, said Matts. "But what they mean by 'engagement' is so subjective. Bank of America may be worried about people opening checking accounts. That's easy to measure. The trickier thing is measuring brand perception. Take click-through rates. What do they really mean? Okay, consumers took action, but do they really like the brand? We need more than just numbers. We need understanding."

Michael Lamb, an associate principal with McKinsey, pointed out that web-based marketing excels at reaching people who already know a company's products or its business category. But it doesn't provide the same ability to reach uncommitted consumers that, say, an ad that airs on TV during the Super Bowl does. Yes, he said, Google's strategy of selling search words has been "tremendously successful." Still, he added, "It's an open question how broadly applicable digital media will be for other marketing goals. Can you use it to build brand awareness?"

Online video may be beginning to break down that divide, giving marketers a digital tool with a reach that could come to rival traditional TV. But unlike old-fashioned broadcasting, online video requires that marketers give up the control that they are accustomed to, said Shiva Rajaraman, product manager for YouTube, a pioneer of online video-sharing. "Brand marketers are learning how to put messages in entertaining forms and are giving users control over the distribution of that content," he noted. Their thinking is that committed customers will see the online videos, find them amusing and share them with their uncommitted friends.

In some cases, companies are doing more than just making wacky videos and allowing them to be posted and shared on sites like YouTube. They are turning content creation over to consumers, just as Dove did. Another firm that has tried that approach is Frito-Lay, which created a campaign called "Crash the Super Bowl," noted Matts of OMD. The snack maker, a division of Pepsico, invited people to make TV ads for its Doritos tortilla chips and submit them to a contest. The two top vote-getters were broadcast during this

year's Super Bowl. "To give that kind of power to consumers requires a lot of confidence in your brand," Matts added.

According to Eileen Mulloy, associate publisher of CondeNet, the online division of the Conde Nast publishing company, short videos that consumers can access anytime fit changing media consumption habits. "Today, people are having snack-size bites of media throughout the day, rather than sitting down and reading the paper for an hour," she said. A person might, for example, check the online news headlines in the morning, sports scores or stock returns at lunch and an online video recommended by a friend at night.

Each time somebody does something like that online, a marketer could conceivably measure it. That measurability is both the promise of new media marketing and, perhaps, one of its biggest frustrations as well. "The measurability may have slowed down growth [of online marketing]," added McKinsey's Lamb. "It creates the expectation that everything is equally easy to measure, and that's not realistic. You get back to the question that has always challenged traditional media: 'How do you measure engagement?'"

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